

DIGITALX LIMITED
A.B.N. 59 009 575 035

ASX APPENDIX 4D & FINANCIAL REPORT

For the half year ended 31 December 2017

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Directors

Leigh Travers
*Managing Director and
Chief Executive Officer*

Peter Rubinstein
Non-Executive Chairman

Toby Hicks
Non-Executive Director

Sam Lee
Non-Executive Director

Company Secretary
Shannon Coates

ABN
59 009 575 035

**Registered Office and Principal Place of
Business**
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Auditor
Grant Thornton Audit Pty Ltd
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Perth WA 6000
Australia
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Stock Exchange Listing

DigitalX Limited shares are listed on the
Australian Securities Exchange.
ASX Code: DCC

Share Registry

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Email: perth.services@computershare.com.au

Website

www.digitalx.com

Current reporting period: half-year ended 31 December 2017 (Reported in USD\$)

Results				USD\$
Revenues				3,531,602
Profit from ordinary activities after tax attributable to members				up100%to8,031,669
Profit for the period attributable to members				up100%to8,031,669
Dividends (distributions)		Amount per security		Franked amount per security
<i>Current period</i>				
Interim dividend declared		-		-
Final dividend paid		-		-
<i>Previous corresponding period</i>				
Interim dividend declared		-		-
Special dividend paid		-		-
Final dividend paid		-		-
Record date for determining entitlements to the dividend,		N/A		
A brief explanation of revenue, net profit and dividends has been detailed in the enclosed Directors' report, Statement of comprehensive income, Statement of financial position, Statement of cash flows and Notes to financial statements.				

Directors' Report

The directors of DigitalX Limited submit herewith the financial report of DigitalX Limited ("Company") and its subsidiaries ("the Group") for the half year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information contained within this report and the financial report is presented in United States dollars (US\$).

Directors

The names of directors of the Company during or since the end of the half year are:

- Mr Leigh Travers, *Managing Director and Chief Executive Officer*
- Mr Peter Rubinstein, *Non- Executive Chair (appointed 15 October 2017)*
- Mr Toby Hicks, *Non-Executive Director*
- Mr Samuel Lee, *Non-Executive Director (appointed 15 October 2017)*
- Mr Faisal Khan, *Non-Executive Director (resigned 23 November 2017)*

Review of Operations

The purpose of this review is to set out information that shareholders may require to assess DigitalX Limited's operations, financial position, business strategies and prospects for future financial years. This information complements and supports the Half year Financial Report presented herein.

Disclosure of Operations

During the period, DigitalX Limited was principally involved in the following activities:

- a) Providing Initial Coin Offering ("ICO") consulting services, marketing and technical feasibility advice.
- b) Development of software applications for global payments and financial technology products operating as AirPocket.

Our operations are conducted from our offices in Perth, Australia and New York.

Financial Review

	US\$
Revenue from continuing operations	3,531,602
Earnings before interest, tax depreciation and amortisation (EBITDA)	8,050,372
Earnings from continuing operations after tax attributable to members	7,990,921
Total comprehensive income for the period attributable to members	8,031,669

The consolidated profit after tax for the period ended 31 December 2017 was US\$8,031,669 (2016: net loss US\$1,590,182). The profit is mainly impacted by the growing revenue from ICO consulting commissions and change in the fair value of Digital Assets held.

Commentary

DigitalX posted a record profit in the first half of the financial year, with revenue primarily driven by strong growth in our Blockchain and Initial Coin Offering (ICO) advisory services.

We capitalised on the strength of our high quality technical talent, industry experience and cryptocurrency investor and exchange network to cement our position as a global leader for Blockchain and ICO consultation services.

The growth in these services overshadowed our Blockchain development and cryptography offerings, which were weaker during the period.

We also leveraged marketing partnerships and applied our robust focus on compliance to deliver a comprehensive consulting offering to ICO clients.

ICO Advisory

During the six month period, DigitalX commenced our ICO advisory services and secured five high profile corporate advisory engagements in this sector.

We consulted to Blockchain companies including CoinPoker, Bankera, Etherparty and Power Ledger. Collectively these companies raised more than AU\$300 million.

We provided ICO advisory services under three main categories; technical due diligence, marketing and promotion; and introductions to DigitalX's network.



Technical due diligence



Promotional Activities



Introduction to our Network

The technical services typically included a crypto-economic review of the businesses token model, review of product at launch and review of smart contracts utilised in the ICO process.

The marketing and promotional services were guided by our marketing partners across cryptocurrency and mainstream media.

This enabled our clients to be featured in some of the world's highest profile media across print, digital and television. DigitalX and our marketing partners created high quality content including videos that were published and shared more than half a million times across mainstream news and social media networks.

As the world's first publicly listed Blockchain company and with a team that has been involved in the entire Blockchain ecosystem including mining, trading and Blockchain development, DigitalX has an enviable network.

We have generated value for our ICO clients by introducing them to high-net-worth cryptocurrency investors and digital currency exchanges.

DigitalX's strong brand and status as a thought leader in the cryptocurrency space resulted in the procurement of ICO advisory clients of an exceptional quality. This led to us advising on some of the world's leading and most high profile ICOs.

The demand for our ICO advisory service, prompted us to scale our staffing levels to continue to provide exceptional quality advice.

Blockchain Consulting

DigitalX has been ramping up consulting during the period to provide Blockchain strategy, design and development services to a growing list of clients seeking to realise the benefits of the technology.

We entered a joint venture agreement with Stargroup Limited to jointly offer and tailor ATM's for buying and selling Bitcoin. The agreement has subsequently been terminated due to the counterparty entering receivership. DigitalX is now actively looking for further partners in the sector.

The Company was appointed a consultant and advisor to the National Cryptocurrency eXchange (NCX) and provided services over a 6-month term. DigitalX is entitled to receive a share in revenue over the next 18 months in exchange for these services.

Owing to our depth of experience in managing the design, build and implementation of high value infrastructure and digital assets, DigitalX continues to offer expertise and guidance including technical code reviews of products, auditing of smart contracts and wallet security design and best practices.

Blockchain-based Software Products

Airpocket

While DigitalX continued our development of the Airpocket (www.Airpocket.com) product, we also engaged in a review of the intellectual property (IP) that the AirPocket application represents by actively reviewing opportunities to direct the software at emerging markets in the cryptocurrency and Blockchain spaces.

We see potential for developing both the Blockchain transaction and identity management/verification technologies which underpin AirPocket and will soon release a review detailing future development and commercialisation options.

Dividends

No dividends have been paid or declared up to the date of this report. The directors considered but have not recommended the payment of a dividend in the current financial year.

Any future determination as to the payment of dividends by the Company (and the potential creation of a dividend policy for that purpose) will be at the discretion of the directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Future Developments

After successfully scaling up our ICO advisory division, DigitalX is continuing to consider ways to expand our business verticals by building on our strong position as a leader in the Blockchain space.

The decision to open these businesses comes after significant strategic debate and strong demand, which has boosted management's confidence in the potential of these opportunities.

We remain focused on expanding our portfolio of clients across our core divisions of ICO advisory and Blockchain consulting and generating commercial value from Blockchain development.

DigitalX is in a strong position both financially and operationally and we are confident of delivering ongoing growth.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Auditor

The Directors' Report is signed in accordance with a resolution of the directors made pursuant to s. 306(3) of the *Corporations Act 2001*.

On behalf of the directors



Leigh Travers
Managing Director and Chief Executive Officer
Perth, 28 February 2018



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Auditor's Independence Declaration to the Directors of DigitalX Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of DigitalX Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink that appears to read "C A Becker".

C A Becker
Partner – Audit & Assurance

Perth, 28 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Independent Auditor's Review Report to the Members of DigitalX Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of DigitalX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of DigitalX Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of DigitalX Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in black ink, appearing to read "C A Becker".

C A Becker
Partner - Audit & Assurance

Perth, 28 February 2018

In the opinion of the directors of DigitalX Limited (the 'Company'):

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (b) the financial statements and notes thereto are in accordance with *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s303(5) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in dark ink, appearing to read 'LTD', followed by a large, sweeping loop.

Leigh Travers
Managing Director and Chief Executive Officer
Perth, 28 February 2018

DigitalX Limited
Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income
For the half-year ended 31 December 2017

	Note	31-Dec-17 US\$	31-Dec-16 US\$
ICO consulting revenue		3,531,602	-
Net fair value gain on Digital Assets held		8,077,757	-
Other income		9,399	1,137
Professional and consultancy fees		(143,382)	(324,004)
Consulting fees		(888,305)	-
Corporate expenses		(172,259)	(134,186)
Advertising and media relations		(219,670)	(167,315)
Employee benefit expenses		(685,328)	(518,248)
Share based payments		(1,019,225)	-
Realised and unrealised foreign exchange gain/(loss)		10,553	(31,628)
Other expenses		(124,479)	(110,469)
Finance costs		(367,038)	-
Depreciation		(3,082)	-
Interest expenses		(15,622)	-
Profit / (loss) before tax		7,990,921	(1,284,713)
Income tax expense		-	-
Profit / (loss) after income tax from continuing operations		7,990,921	(1,284,713)
Profit / (loss) from discontinued operations	7	40,748	(305,469)
Total comprehensive income for the period		8,031,669	(1,590,182)
Total comprehensive income attributable to:			
Members of the parent entity		8,031,669	(1,590,182)
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings per share (cents)			
Earnings / (loss) from continuing operations		2.24	(0.07)
Earnings / (loss) from discontinued operations		0.01	(0.02)
Total		2.25	(0.09)
Diluted earnings per share (cents)			
Earnings / (loss) from continuing operations		2.23	(0.07)
Earnings /(loss) from discontinued operations		0.01	(0.02)
Total		2.24	(0.09)

The accompanying notes form part of these financial statements.

	<i>Not e</i>	31-Dec-17 US\$	30-Jun-17 US\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,078,107	232,225
Digital assets	4	10,952,307	10,034
Trade and other receivables	5	176,359	87,754
Prepayments		41,127	1,566
Total Current Assets		15,247,900	331,579
NON-CURRENT ASSETS			
Property, plant and equipment		9,920	10,832
Intangible assets		49,519	49,519
Total Non-Current Assets		59,439	60,351
TOTAL ASSETS		15,307,339	391,930
CURRENT LIABILITIES			
Trade and other payables	6	109,020	179,203
Accrued expenses		42,749	183,182
Derivative financial instruments		-	121,026
Interest bearing liabilities		107,671	414,172
Total Current Liabilities		259,440	897,583
NON-CURRENT LIABILITIES			
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		259,440	897,583
NET ASSETS		15,047,899	(505,653)
EQUITY			
Issued capital	8	30,057,999	22,653,333
Reserves		513,411	396,194
Accumulated losses		(15,523,511)	(23,555,180)
TOTAL EQUITY		15,047,899	(505,653)

The accompanying notes form part of these financial statements.

DigitalX Limited
Condensed Consolidated Statement of Changes in Equity
For the Financial Period Ended 31 December 2017

Consolidated Group	Issued Capital US\$	Convertible Notes and Share Based Payment Reserve US\$	Accumulated Losses US\$	Total US\$
Balance at 1 July 2017	22,653,332	396,194	(23,555,180)	(505,653)
Profit for the period	-	-	8,031,669	8,031,669
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	8,031,669	8,031,669
Shares issued during the period	7,383,877	-	-	7,383,877
Share issue costs	(376,362)	-	-	(376,362)
Equity component of convertible notes issued in the period	-	78,465	-	78,465
Early conversion of convertible note	21,398	-	-	21,398
Share options and performance rights issued	-	414,506	-	414,506
Share options and performance rights exercised	375,754	(375,754)	-	-
Balance at 31 December 2017	30,057,999	513,411	(15,523,511)	15,047,899

Consolidated Group	Issued Capital US\$	Convertible Note and Share Based Payment Reserve US\$	Accumulated Losses US\$	Total US\$
Balance at 1 July 2016	21,249,214	642,360	(20,223,779)	1,667,795
Loss for the period	-	-	(1,590,182)	(1,590,182)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(1,590,182)	(1,590,182)
Shares issued during the period	1,658,415	-	-	1,658,415
Share issue costs	(94,692)	-	-	(94,692)
Share Buy-back and cancellation	(390,807)	-	-	(390,807)
Buy-back costs	(2,585)	-	-	(2,585)
Balance at 31 December 2016	22,419,545	642,360	(21,813,961)	1,247,944

The accompanying notes form part of these financial statements.

DigitalX Limited
Condensed Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2017

	Note	31-Dec-17 US\$	31-Dec-16 US\$
Cash flows from operating activities			
Receipts from liquidation of ICO proceeds		1,434,599	-
Proceeds from sale of Digital Assets		-	8,959,732
Purchase of Digital Assets		-	(8,391,084)
Payments to suppliers and employees		(991,246)	(1,632,070)
Net cash provided by operating activities		443,353	(1,063,422)
Cash flows from investing activities			
Payment for intellectual property		-	(526,585)
Loan to related party		-	152,000
Acquisition of Property, Plant and Equipment		(1,883)	(2,337)
Net cash used in investing activities		(1,883)	(376,922)
Cash flows from financing activities			
Proceeds from issue of shares		3,317,051	1,658,414
Proceeds from issue of convertible notes		225,188	-
Payment for Share buy-back		-	(217,143)
Payments for share issue costs		(181,003)	(22,942)
Net cash used in financing activities		3,361,236	1,418,329
Net increase/decrease in cash and cash equivalents held		3,802,706	(22,015)
Cash and cash equivalents at beginning of period		232,225	1,042,289
Effects of exchange rate changes on the balance of cash held in foreign currencies		43,176	(47,776)
Cash and cash equivalents at end of period	3	4,078,107	972,498

The accompanying notes form part of these financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent financial report.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost except for the revaluation of certain current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The half year financial report is presented in US dollars unless stated otherwise.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those disclosed in the Company's 2017 annual financial report for the financial year ended 30 June 2017. Revenue recognition policies have been updated to address the Company's policies around Initial Coin Offering consulting revenues.

(c) Going Concern

The consolidated entity has incurred a net profit after tax for the half year ended 31 December 2017 of \$8,031,669 (2016: loss \$1,590,182) and generated net cash inflows from operating activities of \$443,353 (2016: net cash outflows \$1,063,422). As at 31 December 2017, the consolidated entity had cash assets of \$4,078,107 (2016: \$972,498) and a working capital surplus of \$14,988,460 (2016: \$485,724).

At the date of this report the consolidated entity's cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve month period from the date of signing the financial report, but this is dependent on the factors as described below.

- Given the volatile nature of the industry in which the consolidated entity operates and the "start-up" nature of the businesses, the consolidated entity is subject to a number of risks and uncertainties that may adversely impact future cash flows which may in turn result in the consolidated entity requiring additional funding, either through raising additional equity or debt.
- Fluctuations in the price of Digital Assets given the consolidated entity's reliance on the success of its ICO consulting segment, which is difficult to predict and is highly volatile. The price directly influences the profitability of the consolidated entity and the value of Digital Assets inventory held, with falls in price lowering profitability and rises in price increasing profitability.

If the consolidated entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than at amounts recorded in the year-end financial statements. No adjustments have been made to the year-end financial report relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

(d) New Accounting Standards and Interpretations

In the half year ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2017. It has been determined by the Company that none of the new accounting standards adopted during the reporting period have any impact, material or otherwise, and therefore no change is necessary to Company accounting policies.

(e) Revenue Recognition

Initial Coin Offering (“ICO”) Consulting Revenue

The company provides consulting services for its customers, assisting in the customers’ sale of its digital assets, with the sale being conducted as an ICO or a Pre-ICO. In either case, these services are rendered over a period of time until the close of the sale. For the provisioning of its consulting services, the company is remunerated by its customers through the distribution of cash, the customers’ digital asset, other digital assets, or a combination of these sources.

The company recognises ICO consulting revenue when all of the following are met:

- Its services have been fully rendered under contract and the company no longer has any continuing involvement in the sale of digital assets by its customers;
- The digital assets have been transferred to a wallet owned by the company, or into an exchange account belonging to the company; and
- The digital asset’s value is measurable, which is determined:
 - by referencing publically available pricing data from digital asset exchanges; or
 - for those digital assets not yet listed on exchanges, by referencing the results of the ICO or Pre-ICO (i.e. the unit price of a digital asset can be measured by dividing the dollar amounts raised in the ICO by the number of units issued in the ICO).

The company measures its ICO consulting revenue at the fair value of the consideration received. Where digital assets are received, the fair value is determined with reference to the price of the digital asset on the date at which the digital asset is transferred to the company’s wallet or exchange account.

2. SEGMENT INFORMATION

Segment reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Based on the information used for internal reporting purposes by the chief operating decision maker, being the Board and executive committee which makes strategic decisions, at 31 December 2017 the Group operated two reportable segments being, ICO Advisory and software development.

	ICO Advisory		Software development		Unallocated		Total	
	6-months ended 31-Dec-17	6-months ended 31-Dec-16	6-months ended 31-Dec-17	6-months ended 31-Dec-16	6-months ended 31-Dec-17	6-months ended 31-Dec-16	6-months ended 31-Dec-17	6-months ended 31-Dec-16
Segment reporting	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Results								
Segment result								
Profit/(Loss) before income tax	8,718,598	-	(87,502)	(259,418)	(640,175)	(1,025,295)	7,990,921	(1,284,713)
Income tax expense	-	-	-	-	-	-	-	-
Profit/(loss) after income tax from continuing operations	8,718,598	-	(87,502)	(259,418)	(640,175)	(1,025,295)	7,990,921	(1,284,713)
Profit (Loss) from discontinued operations							40,748	(305,468)
Loss attributable to members of the parent entity							8,031,669	(1,590,182)
Other								
Depreciation of segment assets	-	-	-	-	-	-	-	-
Amortisation of segment assets	-	-	-	-	-	-	-	-
Reconciliation of underlying EBITDA								
Profit/(loss) after income tax							8,031,669	(1,590,182)
Interest							15,621	(1)
Taxation							-	-
Depreciation							3,082	-
Amortisation							-	-
EBITDA							8,050,372	(1,590,183)

Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the Group.

	ICO Advisory		Software development		Unallocated		Total	
	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17	31-Dec-17	30-Jun-17
Segment reporting	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Assets								
Segment assets	10,952,307	-	49,519	49,519	4,271,536	301,662	15,273,362	351,181
Total assets	10,952,307	-	49,519	49,519	4,271,536	301,662	15,273,362	351,181
Liabilities					Assets pertaining to discontinued operations		33,977	40,749
					Total Assets		15,307,339	391,930
Segment liabilities	-	-	-	200	259,440	892,383	259,440	892,583
Total liabilities	-	-	-	200	259,440	892,383	259,440	892,583
					Liabilities pertaining to discontinued operations		-	5,000
					Total Liabilities		259,440	897,583

3. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	31-Dec-17 US\$	30-June-17 US\$
Cash at bank	4,029,488	232,225
Cash deposits at call	48,619	-
Total cash and cash equivalents	4,078,107	232,225

Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of bitcoin.

4. CURRENT ASSETS – DIGITAL ASSETS

	31-Dec-17 US\$	30-Jun-17 US\$
Bitcoins	6,935,517	10,034
Ether	366,993	-
POWR	1,010,446	-
FUEL	1,474,405	-
Bankera	1,164,946	-
Total Bitcoins	10,952,307	10,034

5. CURRENT ASSETS – TRADE & OTHER RECEIVABLES

	31-Dec-17 US\$	30-Jun-17 US\$
Trade receivables	34,169	40,749
GST receivable	48,542	12,064
Other	93,648	34,941
Total trade and other receivables	176,359	87,754

6. CURRENT LIABILITIES – TRADE & OTHER PAYABLES

	31-Dec-17 US\$	30-Jun-17 US\$
Trade payables	96,503	169,773
PAYG withholding payable	12,517	9,430
Total trade and other payables	109,020	179,203

7. DISCONTINUED OPERATIONS

1.1 Wind up of Bitcoin mining operations

On the 8 January 2016 the Group and the Bitcoin mining power and hosting provider Verne had actioned an amendment to the master service agreement between the two parties, releasing the Group as at 2 June 2016 from any future financial obligation as was stipulated under the master service agreement.

The termination of the master service agreement marked the full wind up of the bitcoin mining operations.

1.2 Wind up of Bitcoin trading operations

In December 2016, the Group started to wind down its Bitcoin trading operations to concentrate resources on other business segments.

On 7th February 2017, the Group announced that it has entered into a binding agreement with Blockchain Group Limited (BGL), owner of ACX.io, the largest Bitcoin exchange in Australia by volume and order book. The agreement will see the Company wind down its DigitalX Direct operations by introducing DigitalX Direct customers to BGL in consideration for which it will receive 50% of all profit for customers introduced to the BGL digital currency exchange and on their rollout of other exchanges over a five year term. No material amounts have been derived in revenue from this agreement in the half-year financial report.

1.3 Analysis of profit or loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. Bitcoin mining and Bitcoin trading) included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Trading		Mining		Total	
	6-months ended 31-Dec-17	6-months ended 31-Dec-16	6-months ended 31-Dec-17	6-months ended 31-Dec-16	6-months ended 31-Dec-17	6-months ended 31-Dec-16
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue from bitcoins mined	-	-	-	-	-	-
Trading desk bitcoin sales	-	8,012,035	-	-	-	8,012,035
Trading desk bitcoin purchases	-	(7,913,143)	-	-	-	(7,913,143)
Net fair value gain/(loss) on Digital assets held	-	(202,719)	-	-	-	(202,719)
Other Income	-	-	-	-	-	-
Power and hosting expenses	-	-	-	-	-	-
Hardware Repair expense	-	-	-	(580)	-	(580)
Depreciation	-	-	-	-	-	-
Employee benefit expenses	-	(67,431)	-	-	-	(67,431)
Loss of cash on exchange	-	(47,331)	-	-	-	(47,331)
Bad debtors expense	40,748	(86,299)	-	-	40,748	(86,299)
Profit/(Loss) before income tax	40,748	(304,889)	-	(580)	40,748	(305,468)

DigitalX Limited
Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2017

Attributable income tax benefit	-	-	-	-	-	-
Profit/(Loss) for the year from discontinued operations (attributable to owners of the Company)	40,748	(304,889)	-	(580)	40,748	(305,468)
Cash flows from discontinued operations						
Net Cash Inflows/(Outflows) from Operating activities	-	501,217	(5,000)	(120,000)	(5,000)	381,217
Net Cash Inflows from Investing activities	-	-	-	-	-	-
Net Cash Inflows from Financing activities	-	-	-	-	-	-
Net Cash Inflows/(Outflows)	-	501,217	(5,000)	(120,000)	(5,000)	381,217

	Trading		Mining		Total	
	6-months ended 31-Dec-17	6-months ended 30-Jun-17	6-months ended 30-Dec-17	6-months ended 30-Jun-17	6-months ended 31-Dec-17	6-months ended 30-Jun-17
	US\$	US\$	US\$	US\$	US\$	US\$
Current assets:						
Trade and other receivables	33,977	40,749	-	-	33,977	40,749
Inventories	-	-	-	-	-	-
Assets pertaining to discontinued operations	33,977	40,749	-	-	33,977	40,749
Current liabilities:						
Trade and other payables	-	-	-	5,000	-	5,000
Accrued expenses	-	-	-	-	-	-
Liabilities pertaining to discontinued operations	-	-	-	5,000	-	5,000

8. ISSUES, REPURCHASES AND REPAYMENT OF EQUITY SECURITIES

a) Issued and paid up capital

	31-Dec-17 US\$	30-Jun-17 US\$
478,863,375 (30 June 2017: 212,044,933) fully paid ordinary shares	30,057,999	22,653,332
	30,057,999	22,653,332

Movement in ordinary share capital

Date	Details	Number of Shares	Issue Price A\$	US\$
30 June 2017	Opening Balance	212,044,933		22,653,332
<i>16-Aug-17</i>	Issue of Shares to Leigh Travers - CEO and Managing Director	500,000	0.038	14,900
	Share Issue costs			(1,456)
<i>31-Aug-17</i>	Issue of Shares to Ironside Capital as consideration under the Capital raising services and mandate fees	7,772,745	0.041	253,176
	Issue of Subscription shares	74,074,074	0.027	1,547,318
	Share Issue costs			(298,888)
	Issue of Loan Conversion Shares	11,111,111	0.027	236,940
	Shares Issued on conversion of Convertible Notes	9,629,629	0.027	204,119
<i>1-Sep-17</i>	Issue of Shares in part consideration for capital raising services	988,867	0.027	20,656
	Issue of Subscription shares	25,370,003	0.027	529,949
	Share Issue costs			(46,322)
	Shares Issued on conversion of Convertible Notes	8,888,889	0.027	188,418
	Issue of Shares on exercise of Options	500,000	0.08	31,594
<i>5-Sep-17</i>	Shares Issued on conversion of Convertible Notes	7,407,407	0.027	157,015
	Share Issue costs			(5,004)
<i>8-Sep-17</i>	Issue of Subscription shares	32,804,142	0.027	685,239
	Share Issue costs			(4,374)
	Issue of Shares on exercise of Incentive options	5,700,000	0.0324	292,037
	Early conversion of convertible note			7,953
<i>12-Sep-17</i>	Shares Issued on conversion of Convertible Notes	370,370	0.027	7,851
	Share Issue costs			(1,632)
	Issue of Shares on exercise of Incentive options	4,000,000	0.0324	103,766
<i>14-Sep-17</i>	Issue of Subscription shares	600,000	0.027	24,776
	Share Issue costs			(12,496)
	Issue of Shares on exercise of Incentive options	600,000	0.0324	15,569

DigitalX Limited
Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2017

	Early conversion of convertible note			13,433
22-Sep-17	Issue of Shares on exercise of Incentive options expiring 14 September 2019	1,000,000	0.0324	45,484
	Issue of Shares on exercise of Incentive options expiring 5 September 2019	4,000,000	0.0324	103,696
	Share Issue costs			(1,720)
4-Oct-17	Issue of Shares on exercise of Incentive options	246,914	0.0324	20,233
	Share Issue costs			(1,425)
6-Oct-17	Issue of Shares to Director Faisal Khan	250,000	0.056	10,857
	Share Issue costs			(1,430)
9-Oct-17	Issue of Shares on exercise of Incentive options	917,284	0.0324	23,107
31-Oct-17	Issue of Shares on exercise of options	9,597,284	0.0324	549,422
3-Nov-17	Issue of Shares on exercise of options	3,725,000	0.08	225,621
	Issue of Shares on exercise of options	620,000	0.0324	71,193
8-Nov-17	Issue of Shares on exercise of options	4,450,000	0.08	291,927
14-Nov-17	Issue of Shares on exercise of options	4,357,500	0.08	158,686
	Issue of Shares on exercise of options	17,000,000	0.0324	232,166
	Shares Issued on conversion of 10 Convertible Notes	3,703,704	0.027	29,316
17-Nov-17	Issue of Shares on exercise of options	405,000	0.08	25,700
	Issue of Shares on exercise of Incentive options	11,308,519	0.0324	547,073
23-Nov-17	Issue of Shares to Directors	2,000,000	0.200	304,840
24-Nov-17	Issue of Shares on exercise of options	375,000	0.08	11,379
	Issue of Shares on exercise of Incentive options	6,700,000	0.0324	244,958
	Issue of Shares on exercise of Incentive options	2,000,000	0.0324	52,274
1-Dec-17	Issue of Shares on exercise of options	700,000	0.08	45,557
	Issue of Shares on vesting of Tranche 3 of Performance Rights	1,000,000	0.215	162,626
12-Dec-17	Issue of Shares on exercise of options	160,000	0.08	10,375
	Issue of Employee Incentive Shares	1,300,000	0.240	235,030
22-Dec-17	Issue of Shares on exercise of options	685,000	0.08	44,800
	Share Issue costs			(1,615)
31-Dec-17	Closing Balance	478,863,375		30,057,999

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair value.

10. COMMITMENTS

At the date of this report, the directors were not aware of any contingent liabilities or other capital commitments that are of a material nature.

11. RELATED PARTIES

During the half year ended 31 December 2017, the following related party transactions occurred:

- During the period, Mars Capital Australia Pty Ltd <Mars Family A/C>, a Company controlled by Non-Executive Director Sam Lee, has been issued with 14 Convertible Notes, with a face value of AUD\$10,000 each, convertible at AUD\$0.027. Each convertible note was entitled to 100,000 Incentive Options, exercisable at AUD0.0324. During the period, AUD1,266 of Interest was paid on the Convertible Notes held.
- During the period, Irwin Biotech Nominees Pty Ltd, a Company controlled by Non-Executive Chairman Peter Rubinstein, has been issued with 17 Convertible Notes, with a face value of AUD\$10,000 each, convertible at AUD\$0.027. Each convertible note was entitled to 100,000 Incentive Options, exercisable at AUD0.0324. During the period, AUD1,118 of Interest was paid on the Convertible Notes held.

During the period, Rip Opportunities Pty Ltd, a Company controlled by Non-Executive Chairman Peter Rubinstein, has been issued with 17 Convertible Notes, with a face value of AUD\$10,000 each, convertible at AUD\$0.027. Each convertible note was entitled to 100,000 Incentive Options, exercisable at AUD0.0324. Convertible Notes have been converted during the period. During the period, AUD658 of Interest was paid on the Convertible Notes held.

12. POST-REPORTING DATE EVENTS

Date of event	Details of event																																																		
9/01/2018	On the 9 Jan 2018 the Company issued the following: 35,000 Shares on conversion of Options, exercisable at \$0.08, expiring 10 Feb 2018. 246,914 Shares on conversion of Options, exercisable at \$0.0324, expiring 1 Sep 2020.																																																		
19/01/2018	On the 19 Jan 2018 the Company issued the following: 4,220,000 Shares on conversion of Options, exercisable at \$0.08, expiring 10 Feb 2018.																																																		
25/01/2018	On the 25 Jan 2018 the Company issued the following: 595,000 Shares on conversion of Options, exercisable at \$0.08, expiring 10 Feb 2018.																																																		
2/02/2018	On the 2 Feb 2018 the Company issued the following: 215,000 Shares on conversion of Options, exercisable at \$0.08, expiring 10 Feb 2018																																																		
16/02/2018	On the 16 Feb 2018 the Company issued the following: 517,500 Shares on conversion of Options, exercisable at \$0.08, expiring 10 Feb 2018																																																		
26/02/2018	On the 26 Feb 2018 the Company announced that it was appointed as a Blockchain Consultant to Perth based software and data management company Transcendence Technologies Limited.																																																		
28/02/2018	Due to the volatile nature and the materiality that the Digital Assets held by the company, we disclose the value of Digital Assets held by the Company as at the date of this report. <table><tr><th>Coin Symbol</th><th>Coin Amount</th><th>Spot Price USD</th><th>USD Balance</th><th>AUD Balance</th></tr><tr><td>BTC</td><td>475.87</td><td>10,834</td><td>\$5,155,576</td><td>\$6,609,712</td></tr><tr><td>ETH</td><td>1,766.55</td><td>878</td><td>\$1,551,031</td><td>\$1,988,501</td></tr><tr><td>POWR</td><td>719,448.97</td><td>0.59</td><td>\$424,475</td><td>\$544,199</td></tr><tr><td>INS</td><td>100,917.91</td><td>2.23</td><td>\$225,047</td><td>\$288,522</td></tr><tr><td>AGI</td><td>2,231,840</td><td>0.34</td><td>\$758,826</td><td>\$972,853</td></tr><tr><td>FUEL</td><td>5,911,062.11</td><td>0.13</td><td>\$768,438</td><td>\$985,177</td></tr><tr><td>CHP</td><td>7,143,311.00</td><td>0.14</td><td>\$1,000,064</td><td>\$1,282,133</td></tr><tr><td>BNK</td><td>100,000,000.00</td><td>0.0256</td><td>\$2,560,000</td><td>\$3,282,051</td></tr><tr><td>Total</td><td></td><td></td><td>\$12,443,456</td><td>\$15,953,148</td></tr></table>	Coin Symbol	Coin Amount	Spot Price USD	USD Balance	AUD Balance	BTC	475.87	10,834	\$5,155,576	\$6,609,712	ETH	1,766.55	878	\$1,551,031	\$1,988,501	POWR	719,448.97	0.59	\$424,475	\$544,199	INS	100,917.91	2.23	\$225,047	\$288,522	AGI	2,231,840	0.34	\$758,826	\$972,853	FUEL	5,911,062.11	0.13	\$768,438	\$985,177	CHP	7,143,311.00	0.14	\$1,000,064	\$1,282,133	BNK	100,000,000.00	0.0256	\$2,560,000	\$3,282,051	Total			\$12,443,456	\$15,953,148
Coin Symbol	Coin Amount	Spot Price USD	USD Balance	AUD Balance																																															
BTC	475.87	10,834	\$5,155,576	\$6,609,712																																															
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BNK	100,000,000.00	0.0256	\$2,560,000	\$3,282,051																																															
Total			\$12,443,456	\$15,953,148																																															

There were no other reportable post-reporting date events.

Net tangible assets per security	Current period \$USD	Previous corresponding Period \$USD
Net tangible assets per security	0.03 cents	0.003 cents

Details of entities over which control has been gained or lost during the period

Name of entity	Date of gain or loss of control	Contribution to reporting entity's loss \$USD

Details of associates and joint venture entities

Name of entity	Percentage of ownership interest held at end of period		Aggregate share of net profit (loss) contributed to the reporting entity	
	Current Period	Previous corresponding period	Current period \$USD	Previous corresponding period \$USD
	0%	0%	0	0
Total	0%	0%	0	0